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RUEHBY/AMEMBASSY CANBERRA 1919
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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 006926

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SUBJECT: INDIAN PM VISIT: LIKELY JOINT STATEMENT, ECONOMIC PARTNERSHIP ANNOUNCEMENT DETAILS

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1B. TOKYO 6468
1C. NEW DELHI 8137
1D. STATE 197184

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 b/d.

Summary

11. (C) Preparations for Indian Prime Minister Singh's December 13-16 visit to Japan are proceeding well, a Ministry of Foreign Affairs (MOFA) official told Econoff, and it appears the prime ministers will issue a joint statement announcing negotiations toward an "economic partnership agreement" (EPA). Areas still under discussion include whether the joint statement will include Japanese support for the U.S.-India civilian nuclear deal and whether negotiators will start their first round of EPA talks in January. End summary.

PM Singh Visit Preparations Going Well

12. (C) Preparations for Indian Prime Minister Singh's December 13-16 visit to Japan are going well, Ministry of Foreign Affairs (MOFA) Southwest Asia Division official Naoshige Aoshima told Econoff in December 5 and 8 conversations, and the two sides are exchanging joint statement drafts. Although negotiations on the statement are ongoing, Aoshima stated that the following items are likely to be announced under the four broad categories of political and security measures, economic initiatives, cultural and human exchanges, and regional and international cooperation:

-- Upgrading the name of Japan and India's current "Global Partnership with Strategic Orientation," which before 2005 had been simply a "Global Partnership," to something like the

"Strategic and Global Partnership."

-- Endorsing areas of security cooperation that were proposed in May when India's defense minister visited. (Note: The joint statement signed in May promoted high-level dialogue and goodwill exchanges between the Maritime Self-Defense Force and the Indian Navy.)

-- Announcing further cooperation between the countries' coast guards (which have conducted combined anti-piracy and search and rescue exercises yearly since 2000).

-- Announcing the start of negotiations toward the creation of an "economic partnership agreement" (similar to a free trade agreement).

-- Announcing a new youth exchange program.

-- Announcing continued cooperation in international fora, such as the UN, East Asian Summit, or the Asia-Europe Meeting, and possibly regional cooperation on counter-terrorism, (non-nuclear) energy, the environment, or disaster management.

Top Outstanding Issues

¶ 3. (C) The top outstanding request from the Indian side is clear Japanese support in the joint statement for the U.S.-India civilian nuclear deal. Aoshima speculated that PM Abe would have to decide the final wording of the statement, and that it would only be decided at the last moment. Aoshima said MOFA hoped that some kind of "positive nuance" could be applied to the surface of Japan's neutral stance.

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¶ 4. (C) Next on India's list is the creation of a high technology working group to reduce Ministry of Economy, Trade, and Industry (METI) controls on exports to Indian companies. Aoshima did not speculate on the likelihood that such a group could be established, but noted internal Japanese discussions had focused on the fact that an export-control framework and mechanism for consultations already exist.

¶ 5. (C) During the December 5 meeting, Aoshima stated that MOFA's top negotiating priority was to get a mention of Japan-India-U.S.-Australia quadrilateral cooperation into the joint statement, as PM Abe had directly requested the inclusion of such language. For their part, the Indian negotiators had rejected mention of quadrilateral security discussions or cooperation, said Aoshima, who raised economic, environmental, or maritime security cooperation as negotiating possibilities. (Note: Aoshima's comments preceded Japanese Political Minister Masafumi Ishii's December 6 conversation with EAP PDAS Stephens on the subject, detailed in ref D. As of December 8, Aoshima stated he no longer knew Japan's negotiating position because discussions had gone to such high levels within the Japanese government.)

Remaining Details in Economic Negotiations

¶ 6. (C) Although launching the EPA has been agreed in principle, Aoshima stated that Japan and India were still negotiating over whether the first round of talks will start in January. It would be at that round of talks, he continued, that major questions of restricted or sensitive sectors and tariff lines would be addressed.

¶ 7. (C) Discussions of whether the prime ministers will be able to announce a "Japan-India Economic Partnership Initiative" are also ongoing. The idea would be to establish a program where Japanese manufacturing companies share their expertise with Indian companies, which, Aoshima explained, tend to be stronger in services than manufacturing. To facilitate that exchange, India would set up a Special

Economic Zone between New Delhi and Mumbai where Japanese companies would enjoy a favorable tax regime; Japan would direct some of its development assistance toward Mumbai's port and rail facilities.

¶8. (C) Finally, India has requested the creation of a "CEO Group," reportedly modeled on a U.S.-Indian organization, to give input to EPA negotiators once a year. Aoshima explained that Japan was not opposed to such a group in principle, but in Japanese organizations it is usually the president, rather than the CEO, who would be most appropriate to deal with "external" issues. A hybrid "Business Leaders' Forum" where Indian CEOs and Japanese company presidents can meet is likely but has not yet been finalized.

Comment

¶9. (C) Although Aoshima volunteered that a number of the visit's deliverables were incremental or a re-packaging of developments over the past year, and that the international and regional cooperation agenda was admittedly "lackluster," he seemed pleased with progress so far, and was surprisingly relaxed for a working-level official preparing for a major event.

SCHIEFFER